



MEMORANDUM

TO: Mayor and Board of Commissioners

FROM: Nancy Emslie, Finance Director

SUBJECT: Budget Amendment for Debt Service

DATE: January 20, 2016

Background: During the FY 2014-2015 budget process the Board approved using debt service to maintain the Police Department's motor fleet. The debt service payment of \$36,500 was budgeted to the Police Department's Capital Outlay line item. As part of our annual audit, our external auditors recommended that we do a journal entry to move the debt payment from capital outlay and establish new general ledger accounts for debt service for principal and interest for the general fund.

During the FY 2015-2016 budget process the Board approved using debt service for financing capital purchases identified for the General Fund and the Enterprise Fund. We continued to budget debt service for the vehicle financing. The debit service was budgeted to the Capital Outlay line items for both funds.

The attached budget amendment would allow staff to amend the budget to reflect current best practices regarding recognizing repayment of debt using debt service accounts for both the General Fund and the Enterprise Fund. In addition, this budget amendment reflects an annual payment for the Police vehicle financing and a semi-annual payment for the capital purchased that were budgeted for FY 2015-2016.

Action Requested: That the Board of Commissioners adopt the attached budget ordinance amending the FY 15-16 operating budget to move debt payments for the General Fund and Enterprise Fund from capital outlay to debt service principal and interest line items.

ORDINANCE AMENDING THE
TOWN OF PITTSBORO
2015-2016 OPERATING BUDGET

Be it ordained by the Board of Commissioners of the Town of Pittsboro in regular session assembled on the 25th day of January 2016

Section 1. That the following **GENERAL FUND EXPENDITURES** be decreased by the amount indicated:

10-5100-740	Police Dept. – Capital Outlay	\$36,500.00
10-5400-740	Public Works – Capital Outlay	\$13,950.00
TOTAL		\$50,450.00

Section 2. That the following **GENERAL FUND EXPENDITURES** be increased by the amount indicated:

10-9100-000	Debt Service - Principal	\$49,030.00
10-9200-000	Debt Service - Interest	\$ 1,420.00
TOTAL		\$50,450.00

Section 3. That the following **ENTERPRISE FUND EXPENDITURES** be decreased by the amount indicated:

30-8100-740	Water Treatment Plant – Capital Outlay	\$7,170.00
30-8300-740	Public Works Maintenance – Capital Outlay	\$6,260.00
TOTAL		\$13,430.00

Section 4. That the following **ENTERPRISE FUND EXPENDITURES** be increased by the amount indicated:

30-9100-000	Debt Service - Principal	\$12,460.00
30-9200-000	Debt Service - Interest	\$ 970.00
TOTAL		\$13,430.00

Adopted this 25th day of January, 2016.

Cindy S. Perry, Mayor

ATTEST:

Alice F. Lloyd, CMC, NCCMC, Town Clerk